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# FOREIGN POLICY BULLETIN

*An interpretation of current international events by the Research Staff of the Foreign Policy Association*

FOREIGN POLICY ASSOCIATION, Incorporated

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## ADMINISTRATION AND COST OF ERP HOTLY DEBATED BY CONGRESS

WASHINGTON—The storm which the European Recovery Program is now encountering in Congress broke as quickly as critics of the plan predicted and is even more violent than its advocates anticipated. The objectives of the ERP are not themselves under attack, since Congress is generally agreed that it is desirable for the United States to help reconstruct Europe and strengthen it against Russian pressure. There is bitter controversy, however, over two aspects of the program: its administration and its cost. Since the decisions reached on these two aspects will determine the effectiveness of the ERP, the present Congressional debate is as important as though it were concerned with the fundamental purposes of the recovery plan.

WHO SHOULD ADMINISTER ERP? The question of how to administer the ERP has intensified the struggle between the Executive and Congress over the direction of foreign affairs in an election year. As seen from the point of view of the White House and State Department, the ERP should be controlled by an executive agency under the responsible direction of one man who would be subject to the guidance of the Secretary of State in so far as his activities touch upon foreign affairs. A proposal to this effect was made by President Truman when he laid the plans for the ERP before Congress on December 19, and Secretary Marshall emphatically requested its adoption when he appeared before the Senate Foreign Relations Committee on January 8. The operation of the European aid program must be related to American foreign policy as a whole, Secretary Marshall declared, warning that the establishment of a new agency to administer the ERP would lead to an unfortunate situation since "there cannot be two Secretaries of State."

Some Republican members of Congress, by con-

trast, have proposed the establishment of a special corporation, directed by a bipartisan Board of Directors, to administer the recovery plan. Under the leadership of Representative Christian A. Herter of Massachusetts a plan has been devised for the creation of such a body, which would report directly to Congress. This arrangement, according to its proponents, is needed not only to make certain that American aid will be administered efficiently abroad, but to guarantee that the interests of the American economy will be balanced against the needs of foreign countries.

That the Herter proposal probably will not be adopted was indicated when the Republican Chairman of the House Committee on Foreign Affairs, Charles A. Eaton of New Jersey, flatly opposed this suggestion as a violation of the President's constitutional powers over foreign affairs. Failure of this particular plan, however, will not mean an end to Republican efforts to insert certain other requirements concerning administration of the program in the ERP legislation. On January 9 Senator Arthur H. Vandenberg, chief Republican supporter of the ERP joined in the demand that "a new element of business responsibility" be injected into the management of the aid scheme so as to assure public confidence in the program. "The American people," the Senator stated, "have a feeling that the administration of foreign grants-in-aid since the end of the war have been pretty sterile of results."

Republican demands for businesslike practices in the administration of the ERP reflect unwillingness on the part of the members of the majority party on Capitol Hill to entrust their political opponents at the other end of Pennsylvania Avenue with implementation of a program which will have incalculable effects on both domestic and foreign policy. In per-

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haps equally great measure, however, these requests express the general disillusionment prevailing throughout the country as the optimistic promises which accompanied the Administration's requests for post-UNRRA aid and emergency assistance to Greece and Turkey have proved increasingly hard to fulfill.

But whatever the reasons for Congressional demands for a truly efficient conduct of the ERP, it is difficult to see how such an administration could be guaranteed by legal provisions alone. What is needed most is that the executive and legislative branches agree as soon as possible on the particular men who will head the ERP after it has been established. For once men with reputations as efficient executives have been selected for this purpose, some of the qualms Representative Herter, Senator Vandenberg and other Congressional leaders now feel in connection with the administration of the ERP may disappear. The Republicans, however, are divided on the ERP, and right-wing members of the party are expected to attack other points of the program.

**OVER-ALL FIGURE CHALLENGED.** Another source of Congressional controversy over the ERP is the cost of the program, both during the entire projected four-year period and during the initial fifteen-month term. President Truman and the State Department, conscious of the economy-mindedness of the Eightieth Congress, began to whittle down the proposed cost of the ERP even before they were obliged to do so. As early as last summer, when the sixteen European nations were reported to be estimating their four-year needs for outside aid at \$29 billion, the State Department hastily informed the conferees that this figure was beyond the bounds of possibility. When the original figure was accordingly reduced to \$21 billion by the European delegates, American representatives again suggested a reconsideration of this sum, with the result that the amount was finally placed at somewhere between

\$15.1 and \$17.8 billion

In making these reductions some of the European economists were frankly convinced that they were destroying part of the vital underpinning of their proposed structure, but they felt obliged to take this risk. The Truman administration, having secured what it believed a reasonable over-all figure, proceeded to ask Congress, on December 19, for an authorization of \$17 billion for the full four-year period. Now, however, after being warned by Senator Vandenberg that any mention of this large amount would encounter strong opposition in Congress, the Administration has abandoned a specific long-term figure and merely requested \$6.8 billion for the period from April 1, 1948 to June 30, 1949.

From the point of view of political tactics in Congress, the Administration's retreat from the \$17 billion figure may have been sound, for Representative Eaton later declared that he would not have introduced the ERP in the House if it had contained this total. However, this move did not mollify two outstanding critics of the ERP, Senator Robert A. Taft and Representative John Taber, who continue their opposition. In any event, the deletion of the over-all figure should not be judged merely in terms of its influence on Congressional opinion but also by its effect in Western Europe. For in the Marshall plan countries democratic leaders are staking both their program for revived production and their political future on American assistance. Whether these leaders can proceed with any degree of confidence when they are given no minimum assurance that the United States will carry through on the ERP is already an open question. It is regarded, therefore, particularly important in the coming weeks of Congressional debate that the Administration eschew compromises which would further undermine European confidence in the determination of the United States to assist in the recovery of Europe.

WINIFRED N. HADSEL

## F.P.A. APPOINTS NATIONAL PROGRAM DIRECTOR



The Foreign Policy Association takes pleasure in announcing that Clarence A. Peters has been appointed National Program Director. Mr. Peters received his B.A. from Parsons College, Fairfield, Iowa, and his M.A. from the State University of Iowa.

From 1940-44 Mr. Peters was a member of the faculty of Northwestern University, Evanston, Illinois, where he acted as Director of University Debating, Director of the National Institute for

High School Students, Assistant Director of Radio, and instructor in the School of Speech. During these years he was chairman of the Big Ten Discussion Conference and Business Manager of the Illinois Speech Teachers Association.

In 1944 George V. Denny, Jr. invited Mr. Peters to establish and head a department of research for America's Town Meeting of the Air. He served in this capacity until the spring of 1946 when he was asked by former Governor Harold E. Stassen of Minnesota to help develop a nation-wide program of discussion groups. These discussion groups, the Republican Open Forums, are now active in thirty-eight states. Mr. Peters was executive director of the Re-

publican Open Forums at the time he was appointed to the Foreign Policy Association staff.

Mr. Peters is especially interested in adult education and group discussion. For the past few years he has been active in promoting adult education pro-

grams and helping with laboratory and clinical procedures for improving educational opportunities for adults. His experience will be of great value to FPA branches and affiliates in arranging programs of community education in international affairs..

## FREE BURMA FACES COMPLEX POLITICAL AND ECONOMIC ISSUES

The movement of colonial peoples toward independence has made new progress with the establishment of an independent republic of Burma on January 4. As crowds surged through the streets of Rangoon, shouting, "We are free, we are free," the parliament of the former British possession ratified a treaty with Britain, dealing with defense, finance, commercial relations, problems of nationality, and contractual obligations arising from the transfer of authority. The Labor government thus pulled down the Union Jack in this country of seventeen million people, an area long lucrative for its rice, petroleum, teakwood, precious stones, and ores, such as lead, silver, tungsten, tin and nickel.

**THE ROAD FROM MANDALAY.** This is the first time since the American Revolution that a British colony has formally cut all political ties with Britain and the Empire, for even Eire still recognizes a shadowy relationship to the British Crown. In fact, however, Burma is considerably less independent than the American colonies in 1783 or Eire today. On the other hand, Britain has probably attached fewer strings to the freedom of the new republic than the United States tied to the Philippines, which became independent on July 4, 1946.

Burma is of great strategic importance, bordering on India, China, Thailand, Indo-China and the Indian Ocean. It is of continuing military significance for such Far Eastern areas as Malaya and Hongkong, which remain in British hands. These facts are reflected in the defense clauses of the Anglo-Burmese treaty, which provide that, while British troops are to be withdrawn after independence, a British land, sea and air mission shall be sent to Burma. In addition, British military aircraft may fly over Burmese territory in peacetime, and in an emergency Burma shall, by agreement, furnish assistance and facilities for Commonwealth forces. The defense provisions are to be in effect for three years, and after that may be canceled on twelve-months notice by either party.

Before the war British investments in Burma totaled some \$200 million, and profits were high. Military destruction and Japanese occupation set Burma's economy back, but some revival has taken place since V-J Day. British firms are once more operating, and Burma hopes ultimately to recover its valuable economic position. The new government wishes to encourage Burmese enterprise, but lacks domestic capital. Britain has agreed to cancel

£15 million of Burma's debt, under the independence arrangements. In addition, the treaty provides for the continuance of existing preferential tariff arrangements for the time being and similarly safeguards British economic interests. It appears probable that, at least for some time to come, British interests will continue to dominate Burma's economic life.

**BRITAIN'S CHOICE.** With local variations, Britain's policy in Burma is cut from the same cloth as its policy in India, where the two dominions of Pakistan and India were created on August 15, 1947. In contrast to the Dutch in Indonesia and the French in Indo-China, the British concluded that a military struggle with colonial nationalism would be a futile undertaking which would drain their resources and exhaust their powers. They therefore decided, in India and Burma, to grant political independence in the hope that this would enable them to retain a significant military and economic position. The clauses of the Anglo-Burmese treaty illustrate the nature of this approach. It is also worth noting that the peaceful surrender of power by the British has created a far more friendly relationship with Burmese nationalists than had prevailed in the past.

**BURMA'S PROBLEMS.** The new Burmese state will not have easy sailing. The predominant political party is the Anti-Fascist People's Freedom League, a Socialist organization to which most members of the Burmese cabinet belong. The AFPFL was formed during World War II and proved an effective organizer of nationalist sentiment, with a young general, Aung San, as its principal leader. For many months after V-J Day, London sought to use other Burmese groups as counterweights to the AFPFL, but the effort failed because of the League's mass backing.

After negotiations with the British, Aung San became the premier of a provisional government, but in July 1947 he and six of his cabinet ministers were assassinated by gunmen, instigated by Rightist opponents. A Burmese court decided on December 30 that U Saw, a former premier, and eighty other defendants were guilty of participating in or planning the murders.

The AFPFL long included Burmese Communists as an active element, but later expelled them. The Communists are divided into two groups of which one has seven seats in the Burmese parliament of 255 members. The Communists, whose influence in labor circles and some rural areas makes them more

important than these figures would indicate, alone voted against ratification of the Anglo-Burmese treaty, attacking it sharply on the ground that it sacrificed Burmese interests to foreign domination. The issue of the military and economic rights conceded by the AFPFL to Britain will undoubtedly prove a major factor in Burma's explosive politics in the years ahead. If independence turned out to be a matter of form rather than the beginning of a genuine change in Burmese life, the present leaders of Burmese nationalism would undoubtedly lose strength to the Communists.

**THE LAND AND ITS NEIGHBORS.** At least four out of every five Burmans are peasants, most of whom are hungry for land and relief from high rents and interest rates. It is not too much to say that the government will ultimately stand or fall on its handling of the agrarian problem. Another major question is the restoration of foreign trade, for Burma, which is the world's leading rice exporter, suffered heavily when the Japanese killed large numbers of water buffalo, the country's main draft animal.

U Tin Tut, who is both Minister of Finance and Foreign Affairs, is not a Socialist, but the government is pledged to a policy of nationalization. How far it will be able to go in such a course without running into opposition from British interests, the Indians (who as traders and money-lenders hold about one-fourth of Burma's land), and the Chinese (also an important economic element) remains to be seen. The Burmans have been at the bottom of the economic ladder in their own country, and it will not be easy for them to climb to the upper rungs.

A bare summary of Burma's problems might suggest an unusually gloomy future, but Burma's difficulties are no greater than those faced by most countries on the morning of independence. The achievement of effective stability on a modern economic basis will inevitably take a long time. In addition, the future of Burma, like that of other nations, is intimately tied up with the success or failure of efforts to reduce tension in the world at large.

LAWRENCE K. ROSINGER

## F. P. A. BOOKSHELF

*Banana Paradise*, by Frances Emery-Waterhouse. New York, Stephen-Paul, 1947. \$2.75

A rather slight, occasionally amusing, story of the life of a banana planter's wife in Guatemala.

*Undercover Girl*, by Elizabeth P. MacDonald. New York, Macmillan, 1947. \$3.00

Sprightly account of the author's experiences with Morale Operations branch of OSS in China and Southeast Asia.

*Jane's Fighting Ships, 1946-47*, New York, Macmillan, 1947. \$20.00

Textual revisions and replacement of somewhat inferior photographs mark this edition of an annual publication which has come to be considered the last word in naval statistics.

*Inside Pan-Arabia*, by M. J. Steiner. Chicago, Packard, 1947. \$3.00

A summary of Arab history with emphasis on recent events. The author writes from the Zionist point of view.

*Minorities in the Arab World*, by A. H. Hourani. London, Oxford, 1947. \$3.25

A valuable study written by a competent Arab scholar on a subject of growing importance.

*History of the Islamic Peoples*, by Carl Brockelmann. Translated by Joel Carmichael and Moshe Perlmann. New York, Putnam's, 1947. \$6.00

This political history of the Moslem world, originally published in 1939, is an outstanding contribution by a noted German scholar.

*Introduction to Iran*, by Elgin Groseclose. New York, Oxford University Press, 1947. \$3.50

A comprehensive survey of Iranian culture and politics, both past and present, by a former teacher in the mission school of Tabriz, who in 1943 acted as Treasurer General of Iran by Parliamentary appointment.

*England, A History of the Homeland*, by Henry Hamilton. New York, Norton, 1948. \$6.00

A highly readable and well illustrated survey of the entire sweep of British history. It is not the usual chronological text but a topical presentation. Random chapter headings such as, "Food and the People," "The Money Machine," "Economic Imperialism," "Social Security from Elizabeth to Beveridge," illustrate the interesting range of materials.

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